



**ARIZONA STATE SENATE**  
*Fifty-Fifth Legislature, Second Regular Session*

**AMENDED**  
FACT SHEET FOR S.B. 1095

property tax exemptions; statutory conformity

Purpose

Conditional on the voter approval of S.C.R. 1011, exempts, from property tax, the property of veterans with service or nonservice-connected disabilities who are Arizona residents. Updates property tax exemption amounts and household income limits to reflect the amount adjusted for inflation in TY 2022.

Background

The property of Arizona residents who are widows, widowers, persons with disabilities or honorably discharged veterans with a service or nonservice-connected disability, is exempt from taxation to the extent allowed by the Constitution of Arizona and subject to the conditions and limitations prescribed by statute. Exemptions from property taxation for widows, widowers and persons with disabilities are allowed in the amount of: 1) \$3,000 if the person's total assessment does not exceed \$20,000; or 2) no exemption if the person's total assessment exceeds \$20,000. The Arizona Department of Revenue calculates changes in the exemption and household income limitations based on the average annual increase, if any, in the gross domestic product (GDP) price deflator in the two most recent complete state fiscal years using data provided by the U.S. Department of Commerce ([A.R.S. § 42-11111](#)).

The Legislature may exempt up to \$50,000 of the full cash value of personal property used for agriculture purposes or in trade or business ([Ariz. Const. art. 9, § 2](#)). The Legislature has codified an exemption for personal property used for agriculture purposes or in trade or business, which is adjusted for inflation and is currently valued at \$207,366 in TY 2022 ([A.R.S. § 42-11127](#); [ADOR](#)).

The Joint Legislative Budget Committee fiscal note states that the fiscal impact of S.B. 1095 cannot be determined due to data constraints. The fiscal note includes additional information and sample scenarios ([JLBC fiscal note](#)).

Provisions

1. Exempts the property of a veteran with a service or nonservice-connected disability who is an Arizona resident from property tax, in the following amounts:
  - a) \$4,188, if the person's total assessment does not exceed \$28,459; or
  - b) no exemption if the person's total assessment exceeds \$28,459.
2. Limits the allowable \$4,188 property tax exemption for a veteran with a service or nonservice-connected disability who is an Arizona resident, by multiplying the total exemption amount by the percentage of the veteran's disability, as rated by the U.S. Department of Veterans Affairs.

3. Requires a veteran with a service or nonservice-connected disability who is an Arizona resident to initially establish eligibility for the property tax exemption by filing an affidavit with the county assessor.
4. Specifies that a qualifying veteran is not entitled to a property tax exemption that exceeds the maximum allowable amount, even if the individual is eligible for an exemption in more than one category.
5. Updates, from \$50,000 to \$207,366, the exemption amount for property used in trade or in business or for agricultural purposes to reflect the amount adjusted for inflation in TY 2022.
6. Updates the household income limits from:
  - a) \$25,000 to \$34,901, if no children under 18 years old reside with the claimant; or
  - b) \$30,000 to \$41,870, if one or more children under 18 years old or a claimant's child who has a total and permanent physical or mental disability resides with the claimant.
7. Defines *veteran* as an individual who has served in, and been discharged, separated or released under honorable conditions from, active or inactive service in the uniformed services of the United States, including:
  - a) all regular, reserve and national guard components of the U.S. Army, Navy, Air Force, Marine Corps and Coast Guard;
  - b) the commissioned corps of the National Oceanic and Atmospheric Administration;
  - c) the commissioned corps of the U.S. Public Health Service;
  - d) a nurse in the service of the American Red Cross or in the Army and Navy Nurse Corps; and
  - e) any other civilian service that is authorized by federal law to be considered active military duty for the purpose of laws administered by the U.S. Secretary of Veterans Affairs.
8. Conditions the enactment of this legislation on the enactment of S.C.R. 1011, Fifty-fifth Legislature, Second Regular Session, by vote of the people at the next general election.
9. Makes technical and conforming changes.
10. Becomes effective on the general effective date or later, subject to the provisions of the conditional enactment.

Amendments Adopted by the House of Representatives

- Updates the exemption amount, the amount for property used in trade or in business or for agricultural purposes the total assessment limit and the household income limit to reflect the present-day amounts.

Senate Action

FIN	1/26/22	DP	9-0-1
3 <sup>rd</sup> Read	2/8/22		57-0-3

House Action

WM	3/2/22	DP	9-1-0-0
3 <sup>rd</sup> Read	6/22/22		57-0-3

Prepared by Senate Research

June 22, 2022

MG/slp